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June 1, 2020

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Office of the Comptroller of the Currency 400
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RE: RIN 3064-AF48 IFR; Docket ID OCC-2020-0014; Docket No. R-1713; RIN 7100-AF87
Real Estate Appraisals

Dear Sirs & Madam:

The Independent Community Bankers of America appreciates the opportunity to provide comments on the above Interim Final Rule (IFR) regarding Real Estate Appraisals. The Office of the Comptroller of the Currency, the Federal Reserve, and the Federal Deposit Insurance Corporation (the Agencies) issued this IFR on April 17, 2020 to assist regulated institutions in providing consumer mortgage loans and commercial loans which are secured by real estate, and to "expeditiously extend liquidity to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of the National Emergency declared in

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connection with the coronavirus disease 2019 (COVID-19).” Moreover, this IFR was included in an April 14, 2020 joint agency communication which included additional guidance and flexibilities relating to providing appraisals and evaluations during the COVID-19 health emergency.

The flexibilities and changes outlined in the IFR and Agency guidance include the following:

- Flexibility for physical inspections including flexibility regarding mandatory interior inspections, uses of other information including asset records, photographs, property sketches, recorded media and the use of desktop and exterior-only appraisals to fulfill the requirements of Uniform Standards of Professional Appraisal Practice;
- Flexibility for appraisals of residential properties underwritten to Fannie Mae and Freddie Mac standards;
- Exceptions in appraisal regulations, such as the use of appraisals or evaluations that are not completed by a certified or licensed appraiser for both commercial and residential transactions meeting certain criteria; and
- Amended appraisal regulations that allow the completion of appraisals or evaluations to be deferred up to 120 days from the date of closing of the transaction within certain parameters.

ICBA strongly supports the Agencies’ actions in adopting these flexibilities, including those proposed in the IFR. They will help community banks continue to serve their clients during the COVID emergency where business closures, stay-at-home orders, and general concerns regarding the health and safety of all individuals is paramount. These actions provide commonsense solutions that do not compromise safety and soundness or credit quality while allowing consumer access to much-needed liquidity.

Community banks have continued to work with their clients during the COVID crisis to tailor solutions that meet their clients’ needs. These flexibilities will assist those efforts. However, community bankers are concerned that examiners, during a subsequent post-crisis examination, may overly scrutinize loans where these flexibilities have been used and require subsequent downgrades, classifications, or other punitive measures against the bank. We urge the Agencies to clarify their expectations regarding documentation and managing of these loans post-crisis so regulated institutions are not questioned or subjected to criticism during their exams.

Finally, obtaining appraisers to take appraisal requests in rural and outlying areas continues to be challenging. Community bankers report that the COVID crisis, combined with record levels of refinance loan requests, have exacerbated an already difficult aspect of the loan origination process. ICBA members report that many appraisers will not accept requests for appraisals in rural or outlying areas, and note that those that do accept often charge outsized fees in relation to the property's sales price while taking 3-4 weeks to complete the assignment. Once the COVID crisis ends, ICBA urges the Agencies to consider addressing this difficult situation by making the changes in the IFR, along with the April 14th guidance, permanent. We view the changes as positive first steps and encourage the Agencies to build upon them to address the broader challenges community banks face when trying to meet appraisal requirements in rural and outlying areas.

ICBA appreciates the opportunity to comment on this IFR and associated guidance from the Agencies. If you have any questions regarding the content of this letter please contact the undersigned at ron.haynie@icba.org.

Sincerely,

Ron Haynie
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